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A REGISTERED LIMITED LIABILITY PARTNERSHIP

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August 28, 2001

Mr. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Re: Nashville Gas Company, Docket No. 99-00207

Dear Mr. Waddell:

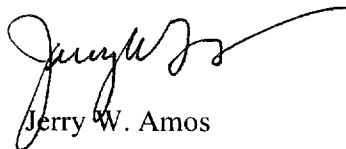
In accordance with the reporting provisions of Service Schedule No. 14, Performance Incentive Plan, as approved in the above captioned docket, Nashville Gas Company (the "Company") submits the accompanying annual report of shared gas cost savings for the period ended June 30, 2001.

As the summary indicates, the accumulated gains and savings under the plan for the plan year total \$2,785,665. Of this amount, \$1,375,465 have accrued to the Company's ratepayers. The remaining \$1,410,200 will be credited to the Company's Incentive Plan Account (IPA).

Detailed calculations supporting the amounts shown in the summary for the period July 2000 through April 2001 have previously been provided to the Tennessee Regulatory Authority Staff and the Consumer Advocate. Supporting calculations for May 2001 and June 2001 are provided in this filing subject to the execution of non-disclosure agreements. As permitting by the provisions of the approved tariff, the Company will file a rate adjustment on or about October 1, 2001, to amortize the collection of the June 30, 2001, IPA balance over the 12-month period beginning November 1, 2001, and ending October 31, 2002.

I am enclosing one additional copy of the summary that I would appreciate your stamping "filed" and returning to me in the enclosed envelope.

Sincerely,



Jerry W. Amos

Enclosures

c: Cynthia Kinser, Consumer Advocate
Daniel McCormac, Tennessee Regulatory Authority